

SHELTER PROVIDERS OF RIVERSIDE, INC.
dba HOMEAID INLAND EMPIRE
(A Nonprofit Organization)

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

December 31, 2019

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
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Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Shelter Provides of Riverside, Inc.
dba HomeAid Inland Empire
Riverside, California

We have audited the accompanying financial statements of the Shelter Providers of Riverside, Inc., dba HomeAid Inland Empire, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 2 to the basic financial statements, the Organization implemented the provisions of Financial Accounting Standards Board Accounting Standard Codification Topic 606, *Revenue from Contracts with Customers*, as amended, and FASB ASU 2018-08, Not-for-Profit Entities – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter Providers of Riverside, Inc., dba HomeAid Inland Empire, as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Seaman Ramirez & Smith, Llc.

Riverside, California

April 29, 2020

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Statement of Financial Position
December 31, 2019

ASSETS	
Cash and Cash Equivalents	\$ 213,490
Prepaid Expenses	1,389
	214,879
Total Current Assets	214,879
Office Furniture, Fixtures and Equipment at Cost	6,374
Less: Accumulated Depreciation	(6,374)
	(6,374)
Total Assets	\$ 214,879
 LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 19,343
Compensated Absences	2,644
Deferred Revenue	122,153
	122,153
Total Liabilities	144,140
 NET ASSETS	
Without Donor Restrictions	(50,914)
With Donor Restrictions	121,653
	121,653
Total Net Assets	70,739
Total Liabilities and Net Assets	\$ 214,879

The accompanying notes are an integral part of this statement.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Statement of Activities
Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Donated Materials, Facilities and Services	\$ 164,731	\$	\$ 164,731
Donations and Contributions	214,421	112,880	327,301
Special Events	74,106		74,106
Interest Income	1,314		1,314
	<u>454,572</u>	<u>112,880</u>	<u>567,452</u>
Total Support and Revenue			
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>129,307</u>	<u>(129,307)</u>	<u>0</u>
Total Support, Revenue and Reclassifications	<u>583,879</u>	<u>(16,427)</u>	<u>567,452</u>
EXPENSES			
Program Services:			
Shelter Development Program	304,403		304,403
Community Outreach Program	138,064		138,064
Management and Administrative	57,359		57,359
Fundraising and Development	44,095		44,095
	<u>543,921</u>	<u>0</u>	<u>543,921</u>
Total Expenses			
Change in Net Assets	39,958	(16,427)	23,531
Net Assets - Beginning of Year	<u>(90,872)</u>	<u>138,080</u>	<u>47,208</u>
Net Assets - End of Year	<u>\$ (50,914)</u>	<u>\$ 121,653</u>	<u>\$ 70,739</u>

The accompanying notes are an integral part of this statement.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Statement of Functional Expenses
Year Ended December 31, 2019

	Shelter Development Program	Community Outreach Program	Management and Administrative	Fundraising and Development	Total
Donated Materials and Services	\$ 95,220	\$ 69,511	\$	\$	\$ 164,731
Advertising Expense	1,160	387	194	194	1,935
Automobile	2,433	811	405	405	4,054
Bank Charges	294	98	49	49	490
Contract Management	4,000				4,000
Donations				250	250
Donor Recognition				180	180
Insurance	809	68	602	102	1,581
Internet and Website Expense	2,198	732	366	366	3,662
Meetings	4,986	1,662	831	831	8,310
Miscellaneous	30	10	5	5	50
Office Expense	5,638	1,409	1,409	940	9,396
Outside Services			19,519		19,519
Payroll Tax Expense	5,800	1,934	967	967	9,668
Postage and Delivery	207	69	34	34	344
Printing	1,108	370	185	185	1,848
Project Expenses	120,372	44,660			165,032
Rent Expense			6,000		6,000
Salaries and Wages Expense:					
Executive Director	58,090	9,682	19,363	9,682	96,817
Development Director	1,323	3,969	1,323	6,615	13,230
Administrative Assistant		2,447	3,264	2,447	8,158
Special Event Expenses				20,721	20,721
Taxes, Licenses & Fees			2,721		2,721
Telephone	735	245	122	122	1,224
Total	\$ 304,403	\$ 138,064	\$ 57,359	\$ 44,095	\$ 543,921

The accompanying notes are an integral part of this statement.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows from Operating Activities:	
Increase (Decrease) in Net Assets	\$ 23,531
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by (used by) Operating Activities:	
(Increase) Decrease in Accounts Receivable	23,884
(Increase) Decrease in Prepaid Expenses	56
(Decrease) Increase in Compensated Absences	2,644
(Decrease) Increase in Accounts Payable	(16,353)
(Decrease) Increase in Deferred Revenue	<u>(18,427)</u>
Net Cash Provided by (Used by) Operating Activities	<u>15,335</u>
Increase (Decrease) in Cash and Cash Equivalents	15,335
Cash and Cash Equivalents, Beginning of Year	<u>198,155</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 213,490</u></u>

The accompanying notes are an integral part of this statement.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2019

1) ORGANIZATION AND OPERATIONS

Organization

The Shelter Providers of Riverside, Inc., dba HomeAid Inland Empire, (the "Organization") is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization was formed for the purpose of building and maintaining shelters for homeless men, women, and children across the Inland Empire.

Operations

The Organization receives a substantial portion of its financial support from donated materials and services and donations and contributions from third parties and fundraising events. The financial condition of the Organization depends significantly on its ability to raise funds from contributors. A significant reduction in the level of contributor support could affect the Organization's programs and activities. Management of the Organization believes it will continue to have adequate funding sources to maintain its present level of operations.

The Organization's revenue and support generally comes from the following sources: donated materials and services, fundraising events (special events), cash donations and contributions. Fundraising income includes, among other things, opportunity drawings, auctions, event sponsorships, event ticket sales and registration fees. Donations and contributions represent funds received by the Organization or unconditional promises from third parties and are normally generated from foundations and other third parties for the building or renovations of shelter projects.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues earned but not received are recorded as a receivable. Expenses are recorded when the liability is incurred.

Estimates

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2019

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Currently, the Organization does not have any investments considered to be cash equivalents.

Office Furniture, Fixtures and Equipment

Office furniture, fixtures and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is provided on the straight-line method over an estimated useful life. Currently, the Organization does not have a policy for the capitalization of assets.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectable accounts receivable. The Organization believes all current accounts receivable are collectable.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among shelter development services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2019

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2016, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional contribution is received. Conditional contribution – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been substantially met.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

Donated Materials and Services

The Organization received donated professional services and materials of \$164,731 for the year ended December 31, 2019. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying Statement of Activities and Statement of Functional Expenses.

Several volunteers have made contributions on their time in furtherance of the Organization's mission. These services were not reflected in the accompanying Statement of Activities because they do not meet the necessary criteria for recognition under US GAAP.

Financial Statement Presentation

The assets, liabilities and net assets of the Organization are reported in the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the board of directors.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2019

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

New Accounting Pronouncement

FASB Accounting Standard Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have implements Topic 606 and have adjusted the presentation in these consolidated financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Evaluation of Subsequent Events

Subsequent events are evaluated through April 29, 2020, which is the date the financial statements were available to be issued.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2019

3) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 213,490
Accounts Receivable	<u>-</u>
Total Financial Assets	213,490
Less amounts not available to be used within one year:	
Net Assets with Donor Restrictions	<u>(121,653)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 91,837</u>

4) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

Petty Cash	\$ 63
Demand Deposits	<u>213,427</u>
	<u>\$ 213,490</u>

5) OFFICE FURNITURE, FIXTURES AND EQUIPMENT

Activities relating to office furniture, fixtures and equipment are presented as follows:

	ASSETS			
	Beginning of Year	Additions	Deletions	End of Year
Office Furniture, Fixtures and Equipment	\$ 6,374	\$	\$	\$ 6,374
Total Office Furniture, Fixtures and Equipment	<u>\$ 6,374</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,374</u>

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2019

5) OFFICE FURNITURE, FIXTURES AND EQUIPMENT - Continued

	ACCUMULATED DEPRECIATION				<u>Book Value</u>
	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>	
Office Furniture, Fixtures and Equipment	\$ 6,374	\$	\$	\$ 6,374	\$ 0
Total Office Furniture, Fixtures and Equipment	<u>\$ 6,374</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,374</u>	<u>\$ 0</u>

As the Organization is a 501(c)(3) nonprofit organization, there are no income tax implications to the calculation of depreciation and amortization. These accounts reflect only the allocation of the asset costs over the useful lives of the assets.

6) DEFERRED REVENUE

Deferred revenue represents revenues collected but not earned as of year end. This is primarily composed of donation and contribution related revenues. Donation and contribution revenues are recognized in the intended year and the donation and contribution revenues is recognized when expenses are incurred to the related program. The following table provides information about significant changes in deferred revenue for the year ended December 31, 2019.

Deferred Revenue, Beginning of Period	\$ 140,580
Net change in deferred revenues due to cash received and used during the period	<u>(18,127)</u>
Deferred Revenue, End of Period	<u>\$ 122,153</u>

7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Shelter Development Projects	\$ 101,630
Community Outreach Programs	9,526
Construction Course Scholarships	<u>10,497</u>
Total Net Assets with Donor Restrictions	<u>\$ 121,653</u>

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2019

8) LEASES

The Organization leases its office space on a month to month basis. Currently, monthly lease payments are \$500 per month for the year ended 2019 and are expensed as rent. Additionally, the Organization also has a five-year lease until May 2021 for a copier machine that is \$89 per month.

9) RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors and their affiliated companies have made cash contributions to the Organization for the year ended December 31, 2019 totaling \$128,427, which has been included in support and revenues in the Organization's Statement of Activities. Of this amount, \$109,627 was General Contributions and \$18,800 was for Special Events.

10) SUBSEQUENT EVENTS

On March 19, 2020, the Governor of the State of California issued a Stay at Home Order for all California residences and nonessential services until further notice. This order was in response to the COVID-19 outbreak which the World Health Organization has characterized as pandemic. The impact of COVID-19 on the Company's operational and financial performance is uncertain at this time.

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 29, 2020, the date the financial statements were available and issued.